

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation 332-452

Steel-Consuming Industries: Competitive Conditions with Respect to Steel Safeguard Measures

AGENCY: United States International Trade Commission

ACTION: Institution of investigation and scheduling of public hearing.

EFFECTIVE DATE: April 4, 2003

SUMMARY: Following receipt of a request on March 18, 2003, from the Committee on Ways and Means (Committee), U.S. House of Representatives, the Commission instituted investigation No. 332-452, *Steel-Consuming Industries: Competitive Conditions with Respect to Steel Safeguard Measures*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)).

On March 5, 2003, the Commission instituted an investigation under section 204(a) of the Trade Act of 1974 (Inv. No. TA-204-9) in order to prepare a report on the results of its monitoring of developments relating to the domestic steel industry since the President imposed tariffs and tariff-rate quotas on imports of certain steel products (68 FR 12380, March 14, 2003). In its letter, the Committee on Ways and Means requests that the Commission provide its report in this section 332 investigation and its monitoring report in the section 204(a) investigation in a single document. In a March 27, 2003 letter to the Commission, the Office of the United States Trade Representative (USTR) referenced the format requested by the Committee and informed the Commission that USTR has no objection to receiving the section 204(a)(2) report and the section 332(g) report in a single document. Accordingly, the Commission will transmit to the President and the Congress these two separate reports in the requested format.

FOR FURTHER INFORMATION CONTACT: Information specific to this investigation may be obtained from James Fetzter, Project Leader (202-708-5403; jfetzer@usitc.gov), Office of Economics; Karl Tsuji, Deputy Project Leader (202-205-3434; tsuji@usitc.gov), Office of Industries; or Catherine DeFilippo, Chief, Applied Economics Division (202-205-3253; cdefilippo@usitc.gov), Office of Economics, U.S. International Trade Commission, Washington, DC, 20436. For information on the legal aspects of this investigation, contact William Gearhart of the Office of the General Counsel (202-205-3091; wgearhart@usitc.gov). Hearing impaired individuals are advised that information on this matter can be obtained by contacting the TDD terminal on (202) 205-1810.

BACKGROUND: As requested by the Committee, the Commission will investigate the current competitive conditions facing the steel-consuming industries in the United States, with respect to tariffs and tariff-rate quotas imposed by the President on March 5, 2002, and with respect to foreign competitors not subject to such measures. As requested, the Commission will conduct its analysis along sectoral lines in order to assess the impact on differing segments of the U.S. manufacturing sector; and also examine the data as related to steel products on which the President imposed steel safeguard measures. To the extent possible, the investigation will address the effects of the safeguard measures on steel consuming industries and on industries that rely on steel imports such as the ports, including the following:

- (1) changes in employment, wages, profitability, sales, productivity, and capital investment of steel-consuming industries;
- (2) an examination of the reported effects of the safeguard remedies on factors such as steel prices paid by consuming industries, steel shortages/availability, the ability of steel consumers to obtain required products or quality specifications, lead times and delivery times, contract abrogation, sourcing of finished parts from overseas by customers of steel consumers, and the relocation or shift of U.S. downstream production to foreign plants or facilities;
- (3) the impact of international competitive factors, such as relative differences in steel costs to foreign steel-consuming industries, on steel consumers' exports and imports of steel-containing products;
- (4) an examination of any shifts in steel-consuming patterns in the United States, i.e., how much steel was purchased from domestic steel producers by U.S. steel-consuming industries before the safeguard action, and how has this sourcing changed following the implementation of the safeguard measures; and
- (5) a discussion of the likely impact on employment, profitability, capital investment, and international competitiveness of steel-consuming industries of (i) continuation of the safeguard measures for the period September 2003 - March 2005 and (ii) termination of the safeguard measures effective September 20, 2003.

In addition, as requested, the Commission will provide an analysis of the potential economy-wide effects of these safeguard measures (e.g., on costs borne by steel consumers, tariff revenues entering the U.S. Treasury, income to steel producers, and the net effect on the U.S. economy) using appropriate simulation models.

The Committee asked that the Commission furnish its report by September 20, 2003, along with the Commission's section 204 steel monitoring report in a single document. The Committee also requested that the Commission make its report available to the public, consistent with procedures set forth in section 332(g) of the Tariff Act of 1930 concerning the release of confidential business information.

PUBLIC HEARING: A public hearing in connection with this investigation is scheduled to begin at 9:30 a.m. on June 19, 2003, at the U.S. International Trade Commission Building, 500 E Street SW, Washington, D.C. All persons have the right to appear by counsel or in person, to present information, and to be heard. Persons wishing to appear at the public hearing should file a letter with the Secretary, United States International Trade Commission, 500 E St., SW, Washington, DC 20436, not later than the close of business (5:15 p.m.) on June 2, 2003. In addition, persons appearing should file prehearing briefs (original and 14 copies) with the Secretary by the close of business on June 4, 2003. Posthearing briefs should be filed with the Secretary by the close of business on June 27, 2003. In the event that no

requests to appear at the hearing are received by the close of business on June 2, 2003, the hearing will be canceled. Any person interested in attending the hearing as an observer or non-participant may call the Secretary to the Commission (202-205-1816) after June 4, 2003 to determine whether the hearing will be held.

WRITTEN SUBMISSIONS: In lieu of or in addition to appearing at the public hearing, interested persons are invited to submit written statements concerning the investigation. Written statements should be received by the close of business on June 27, 2003. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. The Commission intends to publish only a public report in this investigation. Accordingly, any confidential business information received by the Commission in this investigation and used in preparing the report will not be published in a manner that would reveal the operations of the firm supplying the information. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's Rules, as amended, 67 Fed. Reg. 68036 (Nov. 8, 2002). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 205-1810.

By order of the Commission.

Marilyn R. Abbott
Secretary to the Commission

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